

Value-Added Producer Grant Program

Target: Swine

General

- Grants funds are available for economic planning or working capital implementation activities related to the processing and/or marketing of value-added products.
- Explore feasibility of a new venture, or implement processing and marketing of value-added pork products to expand your customer base and increase your financial returns.

Examples of Value-Added Pork Products

Swine/Pork	-retail cuts -cured and smoked meats -sausages, hot dogs, baloney, ham -pork pies -artisan dry-cured bacon -renewable energy -compost or fertilizer -pastured, grass-fed, organic or naturally raised hogs -pet food or treats -local pork products
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Example Eligible Costs under a Planning Grant: Economic Planning Activities

- third party feasibility analyses related to economic, market, technical, financial and management considerations for proposed value-added project
- business operations planning for a value-added venture
- legal or consultant costs related to regulatory compliance issues, permits, utility interconnection, and power purchase agreements, as applicable

Example Eligible Costs under a Working Capital Grant: Operating costs directly related to the processing and/or marketing of the value-added product

- vary by proposal intention and value-added product type
- labor costs to process the value-added product, IF costs do not include payments to owners, family members or other parties with a stake in the outcome of the project
- short-term rental of facility or equipment for processing value-added product
- utility costs to process the value-added product
- accounting software or office supplies for value-added processing and sales
- transportation costs to bring value-added product to market
- costs to market or advertise value-added products in newspapers, magazines, brochures, radio, television
- costs to participate in or exhibit at local fairs, trade shows, or industry association events
- legal costs related to the value-added venture
- renewable energy project costs may include utility interconnection fees, and legal drafting of interconnection and power purchase agreements

Resources: Applications must meet ALL program requirements

- VAPG website: http://www.rurdev.usda.gov/BCP_VAPG.html
- Rural Development State Offices: 1-800-670-6553, then press "1" or <http://www.rurdev.usda.gov/StateOfficeAddresses.html>
- Agricultural Marketing Resource Center website: <http://www.agmrc.org>

Example Pork Projects Funded with VAPG

Fairplay Meat Processing, Inc. in rural Adair County, Kentucky

Working Capital Grant of \$127,780

Life-long farmer and African American, Stevie Graves, wanted to add value to the livestock on his farm, and provide safe, local processing for area farmers. A USDA certified processing facility, Graves acquired Fairplay Meat Processing, Inc. as sole owner in 2007 and in 2013 received a \$127,780 VAPG working capital grant to expand the processing, packaging and marketing of his value-added pork products line, including sausage, tenderloin, Boston butt, pork chops, and other assorted cuts. Graves' Rocking-G farm will provide 195 hogs for the value-added project that will include purchase of 180 additional hogs from local producers over the 3-year grant period.

The project proposes to double current production and processing of hogs by January 2016, and maximize the current equipment and storage capacity of the 5,000-s.f. facility to achieve more cost efficient operations and healthier net profit margins. Project activities include a 3-year marketing campaign to create/expand presence in the *Kentucky Proud* food community, including development of new packaging labels with brand recognition and intensive print, electronic and social media mechanisms. Funding also supports transition away from freezer paper wrapped cuts to packaging in vacuum-packaged bags for longer shelf life. Sales outlets include onsite retail, grocery and convenience stores, nursing homes, and restaurants in the Lake Cumberland Area Development Region in south-central Kentucky.

The expansion will create new jobs for one full-time packaging manager and one part-time marketing/office assistant, and will increase working hours for three current staff. Proposal projections indicate that revenue will double and Fairplay will capture an increase of 20 to 30 percent in gross income during the 3-year project period to foster the long-term viability of the business.

Parrott Investment Company, Inc. dba Llano Seco Rancho in Chico, California

Economic Planning Grant of \$67,500

Farmed by descendants of John Parrot continuously since 1861, the operation began raising organic hogs and selling organic pork products in 2009, including cut meat, bacon, smoked ham, and sausage. High demand for organic products far exceeded supply, and third party processing capacity and reliability posed significant challenges, including the stoppage of processing for organic bacon for nine months due to an overload of conventional product, ending bacon sales during that period.

A \$67,500 VAPG economic planning grant was awarded to Parrott in 2012 to assess and identify market demand for its organic pork products, assess feasibility of expanding production and product lines to meet consumer demands, assess options for contract processing versus development of on-site processing, develop a targeted marketing and promotional program, and determine appropriate distribution channels. As part of the feasibility and business planning process, pro forma financial statements and a list of assumptions will be created for the new venture.

If expansion proves viable, four full-time jobs will be created in the future to facilitate the expansion of this business. Current sales are through two distributors to 44 grocery stores and 13 high-end restaurants in San Francisco, and through two northern California farmer's markets.

See more Projects across Agriculture Sectors

- Since the program began in 2001, VAPG has invested nearly \$260 million grant funds to support farmer and rancher entry into value-added activities.
- List of recent awards: https://www.rurdev.usda.gov/BCP_VAPG.html
- *Know Your Farmer, Know Your Food*: <http://www.usda.gov/maps/maps/KYFcompassmap.html>